

DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20350

My dear Mr. Speaker:

There is enclosed proposed legislation "To amend provisions of law relating to the settlement of admiralty claims."

The proposed legislation is a part of the Department of Defense Legislative Program for the 89th Congress. The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Navy has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

Purpose of the Legislation

The purpose of the proposed legislation is to increase the amount of the present statutory limitation on admiralty claims which may be settled by persons designated for that purpose by the Secretaries of the Army, the Navy, and the Air Force.

Sections 4802 and 4803, 7622 and 7623, and 9802 and 9803 of title 10, United States Code, authorize the Secretaries of the Army, the Navy, and the Air Force, respectively, to settle or compromise and to pay or receive payment of admiralty claims against or for the United States. Each Secretary may delegate his authority in cases in which the amount involved does not exceed \$1,000. The proposed legislation would increase this statutory limitation from \$1,000 to \$10,000.

Sections 7622 and 7623 of title 10, United States Code are derived from law originally enacted by section 7 of the Act of July 3, 1944, ch. 339

AN IDENTICAL LETTER IS FORWARDED THIS DATE TO THE PRESIDENT OF THE SENATE.

(58 Stat. 726) and section 9, as added by the Act of August 2, 1946, ch. 739 (60 Stat. 803), and sections 1 and 3 of the Act of December 5, 1945, ch. 555 (59 Stat. 596) and section 4, as added by the Act of August 2, 1946, ch. 742 (60 Stat. 806); whereas sections 4802, 4803, 9802 and 9803 of title 10, United States Code, are derived from law originally enacted in 1951. The statutory ceiling of \$1,000 for claims settled under delegated authority has not been changed since the date of enactment. In contradistinction, as in the case of other goods and services, the last 20 years have witnessed steadily rising costs in the material and labor used in repairing vessels and waterfront properties. Although minor hull and pier damage claims could be settled within the \$1,000 delegated authority at the time when the law was originally enacted, settlement of a case of this nature is at present the exception, rather than the rule. As a result, minor incidents resulting in admiralty claims which 15 years ago could have been settled under delegated authority must now be submitted for approval to the Secretary of the military department concerned. Many of these minor cases are of a routine nature, involving no question as to liability, and the minimal issues involved have long been settled by established precedents. This is particularly true in the case of damage to shore or stationary structures. Nevertheless, each case involving over \$1,000 must of necessity be referred to the Secretary of the military department concerned. The proposed legislation is designed to reduce the number of cases requiring such referral. Enactment of the legislation would result in a reduction in the time and expense involved in the processing of claims. Cases involving major collisions and instances of damage exceeding \$10,000 would continue to be referred to the Secretary of the military department concerned.

The proposed legislation would not constitute a departure from the statutory pattern which has been established in the field of Federal claims. On the contrary, the proposed revision would bring the monetary limitation governing admiralty claims more nearly in conformity with existing law governing other claims against the Federal Government. Thus, for example, section 2672 of title 28 authorizes settlement of tort claims in the amount of \$2,500 or less, by the cognizant agency head or his designee. Laws relating to personnel claims follow a similar pattern because section 2732 of title 10 authorizes the Secretary of a military department or his designee to settle claims in amounts not to exceed \$6,500. Further sections 2733 and 2734 of this title provide authority pursuant to which the Secretary of a military department or his designee may settle in amounts not to exceed \$5,000 military claims and \$15,000 foreign claims, respectively.

Cost and Budget Data

Enactment of the proposed legislation will not result in increased budgetary requirements.

Sincerely yours,

Honorable John W. McCormack
Speaker of the House of Representatives
Washington, D. C. 20515

Enclosure
Draft Bill